

Message Text

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DRAFTED BY EUR/EE:NGANDREWS/LVA
APPROVED BY EUR/EE:NGANDREWS
EB:CERVIN
L/EB:PTRIMBL
TREASURY:RMONK
TREAS:DWOLKOW

----- 057686 /43

O 181645Z DEC 76 ZFF4
FM SECSTATE WASHDC
TO AMEMBASSY BUDAPEST NIACT IMMEDIATE

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E.O. 11652: N/A

TAGS: EFIN, HU

SUBJECT: WORLD WAR I FLOUR DEBT

REF: (A) BUDAPEST 4222, (B) BUDAPEST 4218,

1. TREASURY AND STATE ARE PLEASED THAT USG AND GOH WILL
EXCHANGE NOTES PERTAINING TO DEBT ON DECEMBER 20, 1976
AND THAT GOH WILL MAKE PAYMENT DECEMBER 23.

2. RE BUDAPEST 4218 PARA 2: EMBASSY'S ASSUMPTION IS
CORRECT THAT DATE OF DECEMBER 25 IS TYPOGRAPHICAL ERROR.
CORRECT DATE IS DECEMBER 15, 1985.

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3. THE SPECIFIC MANNER IN WHICH BOTH THE USG AND GOH NOTES
ARE DATED IS VERY IMPORTANT FOR LEGAL AND BOOKKEEPING

PURPOSES. WE NOTE FROM DIPLOMATIC NOTES ON FILE IN THE
DEPARTMENT THAT BOTH THE EMBASSY AND THE GOH PLACE THE
DATE OF THE NOTE AT THE BOTTOM OF THE NOTE. THEREFORE,

IN THIS CASE THE FOLLOWING "DATE" MUST APPEAR AT THE
BOTTOM OF THE GOH AND USG NOTES: QUOTE DELIVERED ON
DECEMBER 20, 1976, AS OF DECEMBER 15, 1976 END QUOTE.
CONSEQUENTIAL CHANGES IN THE TEXTS OF THE USG AND GOH
NOTES ARE; A) THE FIRST PARAGRAPH OF THE USG NOTE
WILL READ: QUOTE THE GOVERNMENT OF THE UNITED STATES OF
AMERICA WELCOMES THE PROGRESS THAT HAS BEEN MADE SINCE
DISCUSSIONS WERE RESUMED NOVEMBER 4, 1976. AS A RESULT
OF THESE AND SUBSEQUENT DISCUSSIONS , THE GOVERNMENT OF
THE UNITED STATES UNDERSTANDS THAT THE GOVERNMENT OF THE
HUNGARIAN PEOPLE'S REPUBLIC IN FULL PAYMENT OF ALL
PRINCIPAL AND INTEREST DUE AS OF DECEMBER 15, 1976 ,
ARISING FROM THE AGREEMENTS OF 1924 AND 1932 WILL SIGN
AND DELIVER AS OF DECEMBER 15,1976, A NOTE UNDERTAKING
TO DEPOSIT NO LATER THAN DECEMBER 23,1976, THE AMOUNT
OF \$4,327,271.44 TO THE GENERAL FUND ACCOUNT OF THE
UNITED STATES TREASURY AT THE FEDERAL RESERVE BANK OF
NEW YORK. NO INTEREST SHALL ACCRUE DURING THE PERIOD
DECEMBER 15,1976 THROUGH DECEMBER 23,1976 PROVIDED THAT
CASH PAYMENT IS MADE BY DECEMBER 23,1976. END QUOTE.
B) PARAGRAPH ONE OF THE TEXT OF THE GOH NOTE SHOULD BE
CHANGED TO READ AS FOLLOWS: QUOTE THE MINISTRY OF
FOREIGN AFFAIRS OF THE HUNGARIAN PEOPLE'S REPUBLIC
PRESENTS ITS COMPLIMENTS TO THE EMBASSY OF THE UNITED
STATES OF AMERICA IN BUDAPEST AND HAS THE HONOR TO REFER
TO THE EMBASSY'S NOTE NO. (BLANK) DELIVERED ON DECEMBER
20,1976, AS OF DECEMBER 15,1976 END QUOTE. C) PARAGRAPH
TWO OF THE GOH NOTE MUST READ AS FOLLOWS: QUOTE THE
GOVERNMENT OF THE HUNGARIAN PEOPLE'S REPUBLIC TAKES
THIS OPPORTUNITY TO STATE ITS AGREEMENT WITH THE CONTENTS
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OF THE EMBASSY'S NOTE NO. (BLANK), DELIVERED ON
DECEMBER 20,1976, AS OF DECEMBER 15,1976,AND ITS ANNEX END

QUOTE. THE REST OF THE PARA REMAINS AS REPORTED.

4. FINALLY, GOH NOTE REQUIRES SMALL EDITORIAL CHANGE
IN PARA 4. THE WORD "CURRENT" SHOULD BE DELETED.

5. DEPARTMENT COUNTS ON EMBASSY'S PERSUASIVE POWERS
TO ATTAIN GOH AGREEMENT TO DATE FORMULA.
KISSINGER

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